



VALIDATION REPORT  
RIALMA COMPANHIA ENERGÉTICA  
S/A-SANTA EDWIGES II SMALL HYDRO  
POWER PLANT-SMALL SCALE

VALIDATION OF THE  
RENEWABLE ENERGY PROJECT

BUREAU VERITAS QUALITY INTERNATIONAL

REPORT No. BVQI/BRA/2006-002

REVISION No. 00

## VALIDATION REPORT

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| Date of first issue:<br><b>March 17<sup>th</sup>, 2006</b> | Project No.:<br><b>61837</b>                 |
| Approved by:<br><b>Sergio Carvalho</b><br>Lead Verifier    | Organisational unit:<br><b>BVQI Holdings</b> |
| Client:<br><b>RIALMA COMPANHIA ENERGÉTICA S/A</b>          | Client ref.:<br><b>Bruno Macedo</b>          |

### Summary:

Bureau Veritas Quality International (BVQI) has made a validation of the Rialma Companhia Energética S/A. – Santa Edwiges II Small Hydro Power Plant (hereafter called “the project”) located in municipalities of Buritinópolis and Mambai, State of Goiás, Brazil, on the basis of UNFCCC criteria for the CDM, as well as criteria given to provide for consistent project operations, monitoring and reporting. UNFCCC criteria refer to Article 12 of the Kyoto Protocol, the CDM rules and modalities and the subsequent decisions by the CDM Executive Board, as well as the host country criteria.

The validation scope is defined as an independent and objective review of the project design document, the project’s baseline study, monitoring plan and other relevant documents, and consisted of the following three phases: i) desk review of the project design and the baseline and monitoring plan (March 2006); ii) follow-up interviews with project stakeholders (March 2006); iii) resolution of outstanding issues and the issuance of the final validation report and opinion (March 2006). The overall validation, from Contract Review to Validation Report & Opinion, was conducted using internal procedures (BMS, September 2003), which were audited by the UN CDM Accreditation Team in December 2004.

The first output of the validation process is a list of Clarification and Corrective Actions Requests (CR and CAR), presented in Appendix A. Taking into account this output, the project proponent revised its project design document (March 2006).

In summary, it is BVQI’s opinion that the project correctly applies the Clean Development Mechanism Project Design Document Form (CDM-PDD) – Version 02; the Guidelines for Completing the Simplified Project Design Document (cdm-ssc-pdd) and the Form for Submissions on Methodologies for Small-Scale CDM Project Activities (F-CDM-SSC-subm) Version 01, the Approved Baseline Methodology AMS-I.D “Indicative simplified baseline and monitoring methodologies for selected small-scale CDM project activity categories” - Version 08; the Tool for the demonstration and assessment of additionality – Version 02; and meets the relevant UNFCCC requirements for the CDM and the relevant host country criteria.

|   |                           |                        |
|---|---------------------------|------------------------|
| Report No.:<br>BVQI/BRA/2006-002                                  | Subject Group:<br>GHG/CDM |                        |
| Report title:<br>Santa Edwiges II small hydro power plant project |                           |                        |
| Work carried out by:<br>Claudia Freitas, Sergio Carvalho          |                           |                        |
| Work verified by:   |                           |                        |
| Date of this revision:<br>Mar 21 <sup>st</sup> , 2006             | Rev. No.:<br>00           | Number of pages:<br>45 |

### Indexing terms

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**Abbreviations**

|                 |  |
|-----------------|--|
| ACM             | Approved Consolidated Methodology                      |
| AGMA            | Agência Goiana de Meio Ambiente                        |
| AMS             | Approved Methodology Simplified                        |
| BMS             | BVQI Management System                                 |
| BVQI            | Bureau Veritas Quality International                   |
| CAR             | Corrective Action Request                              |
| CDM             | Clean Development Mechanism                            |
| CER             | Certified Emission Reductions                          |
| CR              | Clarification Request                                  |
| CO <sub>2</sub> | Carbon Dioxide   |
| DIS             | Draft of International Standard                        |
| DNA             | Designated National Authority                          |
| DOE             | Designated Operational Entity                          |
| DR              | Document Review  |
| GHG             | Green House Gas(es)                                    |
| I               | Interview  |
| IETA            | International Emissions Trading Association            |
| IPCC            | Intergovernmental Panel on Climate Change              |
| ISO             | International Organisation for Standardization         |
| LI              | Installation Licence                                   |
| LO              | Operation Licence                                      |
| LP              | Preliminary Licence                                    |
| MoV             | Means of Verification                                  |
| MP              | Monitoring Plan  |
| NGO             | Non Government Organisation                            |
| PCF             | Prototype Carbon Fund                                  |
| PDD             | Project Design Document                                |
| UNFCCC          | United Nations Framework Convention for Climate Change |



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Appendix A: Validation Protocol



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## **1 INTRODUCTION**

RIALMA COMPANHIA ENERGÉTICA – SANTA EDWIGES II SMALL HYDRO POWER PLANT (hereafter called “the client”) has commissioned Bureau Veritas Quality International (BVQI) to validate its renewable energy project activity (hereafter called “the project”) at Mambai and Buritinópolis municipalities, State of Goiás, Brazil.

This report summarises the findings of the validation of the project, performed on the basis of UNFCCC criteria, as well as criteria given to provide for consistent project operations, monitoring and reporting.

### **1.1 Objective**

The validation serves as a project design verification and is a requirement of all Client projects. The validation is an independent third party assessment of the project design. In particular, the project's baseline, the monitoring plan (MP), and the project's compliance with relevant UNFCCC and host country criteria are validated in order to confirm that the project design, as documented, is sound and reasonable, and meets the stated requirements and identified criteria. Validation is a requirement for all CDM projects and is seen as necessary to provide assurance to stakeholders of the quality of the project and its intended generation of certified emission reductions (CERs).

UNFCCC criteria refer to Article 12 of the Kyoto Protocol, the CDM rules and modalities and the subsequent decisions by the CDM Executive Board, as well as the host country criteria.

### **1.2 Scope**

The validation scope is defined as an independent and objective review of the project design document, the project's baseline study and monitoring plan and other relevant documents. The information in these documents is reviewed against Kyoto Protocol requirements, UNFCCC rules and associated interpretations. BVQI has, based on the recommendations in the Validation and Verification Manual (IETA/PCF, v. 3.3, 2004), employed a risk-based approach in the validation, focusing on the identification of significant risks for project implementation and the generation of CERs.

The validation is not meant to provide any consulting towards the Client. However, stated requests for clarifications and/or corrective actions may provide input for improvement of the project design.



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### **1.3 GHG Project Description**

The primary objective of Santa Edwiges II Small Hydro Power Plant is to help meet Brazil's rising demand for energy due to economic growth and to improve the supply of electricity, while contributing to the environmental, social and economic sustainability by increasing renewable energy's share of the total Brazilian (and the Latin America and the Caribbean region's) electricity consumption.

Santa Edwiges II Small Hydro Power Plant consists of a run-of-river small-hydro power plant (12.1 MW), that has a small reservoir (2.99 km<sup>2</sup>) with minor environmental impact.

The region where the small hydro power plant is located is at the end of a grid, The plant will contribute with an already existing grid , relieving it.

Rialma Companhia Energética S/A is the owner of Santa Edwiges II. The company was originated from a split in Rialma S/A Centrais Elétricas Rio das Almas, in order to specifically administrate Santa Edwiges II activities.

The project is located in the Midwest of Brazil. It is located in the Buritis River, between Mambai and Buritinópolis, state of Goiás, at the intersection of longitude 46o11'34,6" W and latitude 14o21' 20,4" S, about 300 Km from Brasília (Federal District).

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### **1.4 Validation team**

The validation team consists of the following personnel:

|                            |               |                         |
|----------------------------|---------------|-------------------------|
| Eng. Claudia Freitas       | BVQI Brazil   | GHG Auditor             |
| MSc Sergio Carvalho        | BVQI Brazil   | Team Leader GHG Auditor |
| MSc. Flávio Gomes da Silva | BVQI Holdings | Internal Verifier       |



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## **2 METHODOLOGY**

The overall validation, from Contract Review to Validation Report & Opinion, was conducted using internal procedures (BMS, September 2003) which were audited by the CDM Accreditation Team in December 2004.

In order to ensure transparency, a validation protocol was customised for the project, according to the Validation and Verification Manual (IETA/PCF, v. 3.3, 2004). The protocol shows, in a transparent manner, criteria (requirements), means of verification and the results from validating the identified criteria. The validation protocol serves the following purposes:

- It organises, details and clarifies the requirements a CDM project is expected to meet;
- It ensures a transparent validation process where the validator will document how a particular requirement has been validated and the result of the validation.

The validation protocol consists of five tables. The different columns in these tables are described in Figure 1.

The completed validation protocol is enclosed in Appendix A to this report.



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**Validation Protocol Table 1: Mandatory Requirements**

| Requirement                             | Reference   | Conclusion   | Cross reference  |
|---|---|--|--|
| The requirements the project must meet. | Gives reference to the legislation or agreement where the requirement is found. | This is either acceptable based on evidence provided (OK), a <b>Corrective Action Request (CAR)</b> or a <b>Clarification Request (CR)</b> of risk or non-compliance with stated requirements. The CAR's and CR's are numbered and presented to the client in the Validation Report. | Used to refer to the relevant protocol questions in Table 2 to show how the specific requirement is validated. This is to ensure a transparent validation process. |

**Validation Protocol Table 2: Requirement checklist**

| Checklist Question   | Reference   | Means of verification (MoV)  | Comment  | Draft and/or Final Conclusion  |
|--|---|--|--|--|
| The various requirements in Table 1 are linked to checklist questions the project should meet. The checklist is organised in several sections. Each section is then further subdivided. The lowest level constitutes a checklist question. | Gives reference to documents where the checklist question or item is found. | Explains how conformance with the checklist question is investigated. Examples of means of verification are document review (DR) or interview (I). N/A means not applicable. | The section is used to elaborate and discuss the checklist question and/or the conformance to the question. It is further used to explain the conclusions reached. | This is either acceptable based on evidence provided (OK), or a <b>Corrective Action Request (CAR)</b> due to non-compliance with the checklist question. (See below). <b>Clarification Request (CL)</b> is used when the validation team has identified a need for further clarification. |

**Validation Protocol Table 3: Methodology checklist**

| Checklist Question   | Reference                             | Means of verification (MoV)  | Comment  | Draft and/or Final Conclusion  |
|--|---------------------------------------|--|--|--|
| The various requirements of the baseline and monitoring methodologies are specified in this checklist. The checklist is organised in several sections. Each section is then further subdivided. The lowest level constitutes a checklist question. | Baseline and monitoring methodologies | Explains how conformance with the checklist question is investigated. Examples of means of verification are document review (DR) or interview (I). N/A means not applicable. | The section is used to elaborate and discuss the checklist question and/or the conformance to the question. It is further used to explain the conclusions reached. | This is either acceptable based on evidence provided (OK), or a <b>Corrective Action Request (CAR)</b> due to non-compliance with the checklist question. (See below). <b>Clarification Request (CL)</b> is used when the validation team has identified a need for further clarification. |



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| Validation Protocol Table 4: Legal requirements        |                                |  |  |  |
|--|--------------------------------|--|--|--|
| Checklist Question                                     | Reference                      | Means of verification (MoV)  | Comment  | Draft and/or Final Conclusion  |
| The national legal requirements the project must meet. | National Sustainable Policies. | Explains how conformance with the checklist question is investigated. Examples of means of verification are document review (DR) or interview (I). N/A means not applicable. | The section is used to elaborate and discuss the checklist question and/or the conformance to the question. It is further used to explain the conclusions reached. | This is either acceptable based on evidence provided (OK), or a <b>Corrective Action Request (CAR)</b> due to non-compliance with the checklist question. (See below). <b>Clarification Request (CL)</b> is used when the validation team has identified a need for further clarification. |

| Validation Protocol Table 5: Resolution of Corrective Action and Clarification Requests   |  |  |   |
|---|--|--|---|
| Report clarifications and corrective action requests  | Ref. to checklist question in tables 2, 3 and 4  | Summary of project owner response  | Validation conclusion   |
| If the conclusions from the Validation are either a Corrective Action Request or a Clarification Request, these should be listed in this section. | Reference to the checklist question number in Tables 2, 3 and 4 where the Corrective Action Request or Clarification Request is explained. | The responses given by the Client or other project participants during the communications with the validation team should be summarised in this section. | This section should summarise the validation team's responses and final conclusions. The conclusions should also be included in Tables 2,3 and 4, under "Final Conclusion". |

Figure 1 Validation protocol tables

## 2.1 Review of Documents

The Project Design Document (PDD) submitted by RIALMA COMPANHIA ENERGÉTICA S/A – Santa Edwiges II Small Hydro Power Plant /1/ and additional background documents related to the project design and baseline, i.e., Resolução Interministerial 01/03 /2/, Resolução Interministerial 02/05 /3/, Clean Development Mechanism Project Design Document Form (CDM-PDD) – Version 02 /4/, Guidelines for completing CDM-SSC-PDD and F-CDM-SSC– Version 01 /5/, Approved Consolidated Baseline Methodology AMS-I.D “Indicative simplified baseline and monitoring methodologies for selecting small-scale CDM project activity categories - version 08 /6/, Tool for the demonstration and assessment of additionality – Version 02 /7/, Kyoto Protocol to the United Nations Framework Convention on Climate Change /8/, Clarifications on Validation Requirements to be Checked by a Designated Operational Entity




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/9/, Approved Consolidated Methodology ACM-0002/06 Consolidated baseline methodology for grid-connected electricity generation from renewable sources-version 05 /10/ were reviewed.

The following documents were used as references to the validation work, in addition to internal BVQI procedures: IETA/PCF – Validation and Verification Manual (v. 3.3, Mar 2004) /11/; ISO/ FDIS 14064-3 - Greenhouse gases —Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions /12/; ISO/ FDIS 14064-2 - Greenhouse gases — Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements /13/.

To address BVQI corrective action and clarification requests RIALMA COMPANHIA ENERGÉTICA S/A revised the PDD and resubmitted it on March 2006.

The validation findings presented in this report relate to the project as described in the PDD on March 2006.

## 2.2 Follow-up Interviews

On March 20<sup>th</sup>, 2006 BVQI performed interviews with project stakeholders to confirm selected information and to resolve issues identified in the document review. Representatives of the client were interviewed (see References). The main topics of the interviews are summarised in Table 1.

**Table 1 Interview topics**

| Interviewed organisation              | Interview topics   |
|---------------------------------------|--|
| RIALMA<br>COMPANHIA<br>ENERGÉTICA S/A | <ul style="list-style-type: none"> <li>➤ Environmental legal requirements related to the project</li> <li>➤ Technical characteristics of the project</li> </ul>  |
| ECOINVEST                             | <ul style="list-style-type: none"> <li>➤ Project category</li> <li>➤ Actual reduction of tons of GHG</li> <li>➤ Barriers to the project</li> <li>➤ Methodology</li> <li>➤ Origin of data</li> <li>➤ Invitation of stakeholders for comments</li> </ul> |

## 2.3 Resolution of Clarification and Corrective Action Requests

The objective of this phase of the validation was to raise the requests for corrective actions and clarification and any other outstanding issues that needed to be clarified for BVQI positive conclusion on the project design.



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To guarantee the transparency of the validation process, the concerns raised are documented in more detail in the validation protocol in Appendix A.

### **3 VALIDATION FINDINGS**

In the following sections the findings of the validation are stated. The validation findings for each validation subject are presented as follows:

- 1) The findings from the desk review of the original project design documents and the findings from interviews during the follow up visit are summarised. A more detailed record of these findings can be found in the Validation Protocol in Appendix A.
- 2) Where BVQI had identified issues that needed clarification or that represented a risk to the fulfilment of the project objectives, a Clarification or Corrective Action Request, respectively, have been issued. The Clarification and Corrective Action Requests are stated, where applicable, in the following sections and are further documented in the Validation Protocol in Appendix A. The validation of the Project resulted in eleven Corrective Action Requests and eighteen Clarification Requests.
- 3) The conclusions of the validation process are presented.

#### **3.1 Project Design**

The primary objective of Santa Edwiges II Small Hydro Power Plant is to help meet Brazil's rising demand for energy due to economic growth and to improve the supply of electricity by increasing renewable energy's share of the total Brazilian electricity consumption.

The Santa Edwiges II Small Hydro Power Plant project uses water from the Buritis River to generate electricity, with a 12.1 MW (below the eligibility limit of 15 MW for small-scale project) installed capacity. SHPP Santa Edwiges II facility contains a small dam (reservoir area 2.99 km<sup>2</sup>), which stores water in order to generate electricity for short periods of time.

Run-of-river projects do not include significant water storage, and must therefore make complete use of the water flow. A typical run-of-river scheme involves a low-level diversion dam and is usually located on swift flowing streams.

Santa Edwiges II, a greenhouse gas (GHG) free power generation project, will result in GHG emissions reductions as the result of the displacement of generation from fossil-fuel thermal plants that would have otherwise delivered to the interconnected grid.



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There are no evidences that a water-impounding permit was obtained for the project.

### **3.2 Baseline**

The project falls under approved methodology ACM0002,2006 /10/, and partially fulfils the “additionality” prerequisites /7/ demonstrating that it would not occur in the absence o CDM project under financial point of view.

To define the alternatives to the project activity there are two-sided analysis, taking into consideration owner and the perspective of the host country.

From the project owner’s perspective, the alternative to the project activity is the continuation of the current situation, the investment of surplus capital in the financial market.

The baseline scenario is the continuation of the current situation of electricity supplied by large hydro and thermal power stations.

No evidences concerning that national policies and circumstances relevant to the baseline of the proposed project activity were considered.

The project was set up with an expected financial IRR (Internal Rate of Return) of 14.89% per year, without the benefit of the CER revenues. The inclusion of the revenues from CERs makes the project’s IRR increase from 14.89% to 16.76%.

To complete the additionality analysis is required the presentation of the attractive rate of the project.

The implementation of Santa Edwiges II project connected to the Brazilian interconnected power grid will generate an estimated emission annual reduction of 47,191 tCO<sub>2</sub>e, and a total emission reduction of 330,336 tCO<sub>2</sub>e over 7 years, up to and including 2013. It is required justification for the of calculation of the emission factor.

### **3.3 Monitoring Plan**

The chosen monitoring methodology is applicable to grid connected renewable energy projects. The methodology consists of metering the electricity generated by the renewable technology. This fits of the

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operation at Santa Edwiges II project, so the choice of methodology is justified.

The applicability conditions expressed in the monitoring methodology are identical to those of the ACM0002,2006 baseline methodology. Such conditions are met by the Santa Edwiges II project as described in Section 3.2 of this document.

The main data to be considered in determining the emission reductions is the electricity exported to the grid. The emission reductions is reached by applying an emission factor through the electricity dispatched to the grid, which is verified and monitored by the power plant that sells the electricity.

There are no evidences of a description of authority and responsibility for registration, monitoring, measurement and reporting.

### 3.4 Calculation of GHG Emissions

Based on the renewable source of technology, the project emissions are nil. Therefore, no calculation of estimate of GHG emissions is necessary.

No leakage was identified. Therefore, no calculation of estimate of GHG emissions is necessary.

The baseline emissions are proportional to the electricity delivered to the grid throughout the project's lifetime. Baseline emissions due to displacement of electricity are calculated by multiplying the electricity baseline emissions factor with the electricity generation of the project activity.

The emission reductions by the project activity ( $ER_y$ ) during a given year  $y$  are the product of the baseline emissions factor ( $EF_y$ , in tCO<sub>2</sub>e/MWh) times the electricity supplied by the project to the grid ( $EG_y$ , in MWh), as follows:

$$ER_y = EF_y \times EG_y$$

The full implementation of the Santa Edwiges II project connected to the Brazilian electricity interconnected grid will avoid an average estimated yearly emission of around 47,191 tCO<sub>2</sub>e, and a total reduction of about 330,336 tCO<sub>2</sub>e over 7 years crediting period (up to and including 2013, see Table 5 of the PDD).

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### 3.5 Sustainable Development Impacts

As for the regulatory permits, Santa Edwiges II Small Hydro Power Plant has the authorization issued by ANEEL (ANEEL Resolution n° 116, issued on April 5th, 2001) to operate as an independent power producer, which gives the right to operate the Santa Edwiges II Small Hydro Power Plant.

As for the environmental permits, the proponent of any project that involves the construction, installation, expansion, and operation of any polluting or potentially polluting activity or any activity capable of causing environmental degradation is required to secure a series of permits from the respective state environmental agency. In addition, any such activity requires the preparation of an environmental assessment report, prior to obtaining construction and operation permits. Three types of permits are required. The first is the preliminary permit (*Licença Prévia* or L.P.) issued during the planning phase of the project and which contains basic requirements to be complied with during the construction, and operating stages. The second is the construction permit (*Licença de Instalação* or L.I.) and, the final one is the operating permit (*Licença de Operação* or L.O.).

The preparation of an Environmental Impact Assessment is compulsory to obtain the construction and the operation licenses. In the process a report containing an investigation of the following aspects was prepared:

- Impacts to climate and air quality.
- Geological and soil impacts.
- Hydrological impacts (surface and groundwater).
- Impacts to the flora and animal life.
- Socio-economical (necessary infra-structure, legal and institutional, etc.).

The result of a successful submission of those assessments is the preliminary license (LP), which reflects the environmental local agency positive understanding about the environmental project concepts. To get the construction license (LI) it will be necessary to present either: (a) additional information into previous assessment; or (b) a new more detailed simplified assessment; or (c) the “Environmental Basic Project”, according environmental local agency decision at the LP issued. The operation license (LO) will be obtained as result of pre-operational tests during the construction phase, carried out to verify if all exigencies made by environmental local agency were satisfied.

The project has the necessary environmental licenses. The operating permit/licenses were issued by the state environmental agency, AGMA (*Agência Goiana de Meio Ambiente*), LO no. 731/2005, issued on October 21th, 2005. LI was issued on May 14 th, 2004 and LP on April 27th, 2001. All documents related to operational and environmental licensing are public and can be obtained at the state environmental agency (AGMA-GO).

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**3.6 Comments by Local Stakeholders**

Public discussion with local stakeholders is compulsory for obtaining the environmental construction and operating licenses. The legislation also requests the announcement of the issuance of the licenses (LP, LI and LO) in the official journal (*Diário Oficial da União*) and in the regional newspaper to make the process public and allow public information and opinion.

Besides the public discussion for the environmental licensing, the project must invite local stakeholders for comments on the Santa Edwiges II Project.

There are no evidences that stakeholders have been consulted.

**4 COMMENTS BY PARTIES, STAKEHOLDERS AND NGOS**

According to the modalities for the Validation of CDM projects, the validator shall make publicly available the project design document and receive, within 30 days, comments from Parties, stakeholders and UNFCCC accredited non-governmental organisations and make them publicly available.

BVQI published the project documents on the UNFCCC CDM website (<http://cdm.unfccc.int>) on 2006-02-18 and invited comments until 2006-03-19 by Parties, stakeholders and non-governmental organisations. No comments were received.

**5 VALIDATION OPINION**

BVQI has performed a validation of the SANTA EDWIGES II Project in Brazil. The validation was performed on the basis of UNFCCC criteria and host country criteria, also on the criteria given to provide for consistent project operations, monitoring and reporting.

The validation consisted of the following three phases: i) a desk review of the project design and the baseline and monitoring plan (March 2006); ii) follow-up interviews with project stakeholders (March 2006); iii) the resolution of outstanding issues and the issuance of the final validation report and opinion (March 2006).



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Santa Edwiges II is a run-of-river small hydro power plant generating renewable energy. The capacity of the proposed project activity is the maximum output of 12.1 MW.

The review of the project design documentation (February 2006 version) and the subsequent follow-up interviews have provided BVQI with sufficient evidence to determine the fulfilment of stated criteria. In our opinion, the project correctly applies the Clean Development Mechanism Project Design Document Form (CDM-PDD) – Version 02; the Guidelines for completing CDM-SSC-PDD – Version 01; the Approved Consolidated Baseline Methodology AMS-I.D “Indicative simplified baseline and monitoring methodologies for selected small-scale CDM project activity categories” - Version 08, the Tool for the demonstration and assessment of additionality – Version 02, and meets the relevant UNFCCC requirements for the CDM and the relevant host country criteria.

The validation is based on the information made available to us and the engagement conditions detailed in this report. BVQI cannot be held liable by any party for decisions made or not made based on the validation opinion.

## 6 REFERENCES

### Category 1 Documents:

Documents provided by USINA DE AÇÚCAR SANTA TEREZINHA that relate directly to the GHG components of the project.

- /1/ **Clean development mechanism – Project design document (CDM-PDD) – Rialma Companhia Energética S/A -Santa Edwiges II – Small Hydro Power Plant Small Scale CDM PROJECT.** Version 1, Feb 2006
- /2/ **Resolução Interministerial 01.** Comissão Interministerial de Mudança Global do Clima, Sep, 2003

### Category 2 Documents:

Background documents related to the design and/or methodologies employed in the design or other reference documents.

- /3/ **Resolução Interministerial 02.** Comissão Interministerial de Mudança Global do Clima, Aug, 2005.
- /4/ **Clean Development Mechanism Project Design Document Form (CDM-PDD) – Version 02**
- /5/ **Guidelines for completing CDM-SSC-PDD and F-CDM-SSC–** Version 01 /5/, Approved Consolidated Baseline Methodology AMS-I.D “Indicative simplified baseline and monitoring methodologies for selecting small-scale CDM project activity



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categories - version 08 /6/

- /6/ **Approved Consolidated Baseline Methodology AMS-I.D**  
“Indicative simplified baseline and monitoring methodologies for selecting small-scale CDM project activity categories - version 08
- /7/ **Tool for the demonstration and assessment of additionality** – Version 02
- /8/ **Kyoto Protocol to the United Nations Framework Convention on Climate Change**, Dec, 1997
- /9/ **Clarifications on validation requirements to be checked by a Designated Operational Entity**. UNFCCC/CCNUCC, Sep, 2004
- /10/ **Approved Consolidated Methodology ACM-0002/06** Consolidated baseline methodology for grid-connected electricity generation from renewable sources-version 05
- /11/ **IETA/PCF – Validation and Verification Manual (v. 3.3, Mar 2004)**
- /12/ **ISO 14064-3 - Greenhouse gases — Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions**
- /13/ **ISO 14064-2 - Greenhouse gases — Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements**

**Persons interviewed:**

List persons interviewed during the validation, or persons that contributed with other information that are not included in the documents listed above.

- /14/ USINA SANTA EDWIGES II
  - Emival Ramos Caiado Filho
  - Frederick Lins e Silva
- /15/ ECOINVEST
  - Melissa Hirschheimer

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## RIALMA COMPANHIA ENERGÉTICA S/A – SANTA EDWIGES II SMALL HYDRO POWER PLANT

### CDM PROJECT VALIDATION PROTOCOL

**Table 1 Mandatory Requirements for Clean Development Mechanism (CDM) Project Activities**

| REQUIREMENT  | REFERENCE  | CONCLUSION  | Cross Reference to this protocol |
|--|--|---|----------------------------------|
| 1. The project shall assist Parties included in Annex I in achieving compliance with part of their emission reduction commitment under Art. 3.         | Kyoto Protocol Art.12.2  | The project will result in GHG emissions reductions as the result of the displacement of generation from fossil fuel thermal plants.  | Table 2 and question E.2.1       |
| 2. The project shall assist non-Annex I Parties in achieving sustainable development and shall have obtained confirmation by the host country thereof. | Kyoto Protocol Art. 12.2, Marrakesh Accords, CDM Modalities §40a | The final decision from the DNA will be available only after its first meeting after the receiving of the all documents necessary for evaluation, including this validation report, according to Article 6 <sup>th</sup> of Resolução Interministerial 01/03. | --                               |
| 3. The project shall assist non-Annex I Parties in contributing to the ultimate objective of the UNFCCC.   | Kyoto Protocol Art.12.2.   | The project will result in GHG emissions reductions as the result of the displacement of  | Table 2 and question E.2.1       |



## VALIDATION REPORT

| REQUIREMENT   | REFERENCE   | CONCLUSION  | Cross Reference to this protocol |
|---|---|---|----------------------------------|
|   |   | generation from fossil fuel thermal plants.   | question E.2.1                   |
| 4. The project shall have the written approval of voluntary participation from the designated national authorities of each party involved.  | Kyoto Protocol Art. 12.5a, Marrakesh Accords, CDM Modalities §40a | According to Resolução interministerial 01/03, the confirmation by Brazil government is the final step, after PDD and validation report submission. | -                                |
| 5. The emission reductions shall be real, measurable and give long-term benefits related to the mitigation of climate change  | Kyoto Protocol Art. 12.5b   | OK  | Table 2, question D.3.1          |
| 6. Reduction in GHG emissions shall be additional to any that would occur in absence of the project activity, i.e. a CDM project activity is additional if anthropogenic emissions of greenhouse gases by sources are reduced below those that would have occurred in the absence of the registered CDM project activity. | Kyoto Protocol Art. 12.5c, Marrakesh Accords, CDM Modalities §43  | Data with the estimated emissions reduction is presented  | Question E.2.1                   |
| 7. Potential public funding for the project from Parties in Annex I shall not be a diversion of official development assistance.  | Marrakech Accords   | The project will not receive any public funding from Parties included in Annex I.   | -                                |
| 8. Parties participating in the CDM shall designate a national authority for the CDM.   | Marrakech Accords, CDM Modalities §29                             | Comissão Interministerial de Mudança Global do Clima is the Host Party Designated National Authority  | -                                |
| 9. The host country shall be a Party to the Kyoto Protocol.   | Marrakech Accords, CDM Modalities §30                             | Comissão Interministerial de Mudança Global do Clima  | -                                |
| 10. Comments by local stakeholders shall be invited, a summary of   | Marrakech   | Stakeholders have not yet   | Table 2, question                |

## VALIDATION REPORT

| REQUIREMENT  | REFERENCE                              | CONCLUSION  | Cross Reference to this protocol   |
|--|--|---|------------------------------------|
| these provided and how due account was taken of any comments received.   | Accords, CDM Modalities §37b           | been invited for comments as required by DNA.   | G.1.2                              |
| <b>11.</b> Documentation on the analysis of the environmental impacts of the project activity, including transboundary impacts, shall be submitted, and, if those impacts are considered significant by the project participants or the Host Party, an environmental impact assessment in accordance with procedures as required by the Host Party shall be carried out. | Marrakech Accords, CDM Modalities §37c | The project has all necessary licenses but it is not clearly described environmental impacts.   | Table 2, question F.1              |
| <b>12.</b> Baseline and monitoring methodology shall be previously approved by the CDM Methodology Panel.  | Marrakech Accords, CDM Modalities §37e | Appendix B of the simplified modalities and procedures for small-scale CDM project activities – Version 05 – 25/02/2005;<br>Indicative simplified baseline and monitoring methodologies for selected small-scale CDM project activity categories AMS I.D/ Version 8 – 03/03/2006. | Table 2, questions B.1.1 and D.1.1 |
| <b>13.</b> Provisions for monitoring, verification and reporting shall be in accordance with the modalities described in the Marrakech Accords and relevant decisions of the COP/MOP.  | Marrakech Accords, CDM Modalities §37f | There are no evidences of a description of authority and responsibility for the project management. There are no evidences of a description of authority and responsibility for registration, monitoring, measurement and reporting.  | Table 2, question D.3.1            |
| <b>14.</b> Parties, stakeholders and UNFCCC accredited NGOs shall have been invited to comment on the validation requirements  | Marrakech Accords, CDM                 |   |                                    |

## VALIDATION REPORT

| REQUIREMENT  | REFERENCE   | CONCLUSION   | Cross Reference to this protocol |
|--|---|--|----------------------------------|
| for minimum 30 days, and the project design document and comments have been made publicly available.   | Modalities, §40   | No comments were received.   |                                  |
| <b>15.</b> A baseline shall be established on a project-specific basis, in a transparent manner and taking into account relevant national and/or sectorial policies and circumstances. | Marrakech Accords, CDM Modalities, §45c,d                   | The baseline scenario chosen for this project is in accordance to approved small-scale project activity. | Table 2, question B.1.1          |
| <b>16.</b> The baseline methodology shall exclude to earn CERs for decreases in activity levels outside the project activity or due to force major.                                    | Marrakech Accords, CDM Modalities, §47                      | OK   | -                                |
| <b>17.</b> The project design document shall be in conformance with the UNFCCC CDM-PDD format.   | Marrakech Accords, CDM Modalities, Appendix B, EB Decisions | OK   | -                                |

## VALIDATION REPORT

**Table 2 Requirements Checklist**

| CHECKLIST QUESTION  | Ref. | MoV <sup>*</sup> | COMMENTS   | Draft<br>Concl | Final<br>Concl |
|---|------|------------------|--|----------------|----------------|
| <b>A. General Description of the small-scale Project Activity</b>   |      |                  |  |                |                |
| <b>A.1 Title of the small-scale Project Activity</b>  |      |                  |  |                |                |
| A.1. 1. Is the title of the project activity presented?   |      | DR               | Rialma Companhia Energética S/A – Santa Edwiges II Small Hidro Power Plant – Small Scale CDM Project   | OK             | OK             |
| <b>A.2. Description of the small-scale project activity</b>   |      |                  |  |                |                |
| A.2.1. Is the purpose of the project activity included?   |      | DR               | The project consists of a run-of-river small-hydro power plant (12.1 MW) and its objective is to help Brazil to meet rising demand for energy due to economic grow and to improve the supply of electricity. | OK             | OK             |
| A.2.2. Is the view of the project participants on the contribution of the project activity to sustainable development included? |      | DR               | It is not included in A.2 of the PDD the view of the participants on the contribution of the project activity to sustainable development   | CAR 1          |                |
| <b>A.3. Project Participants</b>  |      |                  |  |                |                |
| A.3.1. Are Party(ies) and private and/or public entities involved in the project activity listed?                               |      | DR               | Rialma Companhia Energética S/A Ecoinvest Carbon   | OK             | OK             |
| A.3.2. The data of the project participants are presented in tabular format?  |      | DR               | See Table 1 of the PDD   | OK             | OK             |

\* MoV = Means of Verification, DR= Document Review, I= Interview

## VALIDATION REPORT

| CHECKLIST QUESTION  | Ref. | MoV* | COMMENTS  | Draft<br>Concl | Final<br>Concl |
|---|------|------|---|----------------|----------------|
| A.3.3. Is contact information provided in annex 1 of the PDD?   |      | DR   | Rialma Companhia Energética S/A -<br>telephone 55 61 3234-4214<br>Contact Name ; Mr Bruno Macedo<br>Ecoinvest Carbon<br>Telephone: 55 11 3063-9068<br>Contact: Mr Carlos de Mathias Martins   | OK             | OK             |
| <b>A.4. Technical description of the small-scale project activity</b>   |      |      |   |                |                |
| <b>A.4.1. Location of the small scale project activity</b>  |      |      |   |                |                |
| A.4.1.1. Host Party(ies)  |      | DR   | Brazil  | OK             | OK             |
| A.4.1.2. Region/State/Province etc.   |      | DR   | Midwest region of Brazil, State of Goiás  | OK             | OK             |
| A.4.1.3. City/Town/Community etc.   |      | DR   | Mambai and Buritinópolis  | OK             | OK             |
| A.4.1.4. Detailed description of the physical location, including information allowing the unique identification of this project activity |      | DR   | The project is located in the Buritis River, between Mambai and Buritinópolis, at the intersection of longitude 46°11'34,6" W and latitude 14° 21'20,4" S, about 300 km far from Brasilia, (Federal District).<br><br>There is a discrepancy between the number of the figure illustrating the project location and the text where such figure is mentioned (item A.4.1.4 of PDD) | OK<br><br>CR 1 | OK             |
| <b>A.4.2. Type and category(ies) and technology of the small-scale project activity</b>   |      |      |   |                |                |
| A.4.2.1. Is the type and category of the project activity specified?  | 2    | DR   | According to version 07 (Nov, 2005) of the "Appendix B of the simplified modalities and   | OK             | OK             |

## VALIDATION REPORT

| CHECKLIST QUESTION   | Ref. | MoV*    | COMMENTS  | Draft<br>Concl | Final<br>Concl |
|--|------|---------|---|----------------|----------------|
|  |      |         | procedures for small-scale CDM project activities" the type and category of the project activity I.D. (Grid connected renewable electricity generation)   |                |                |
| A.4.2.2. Is it justified how the proposed project activity conforms to the project type and category selected?                                     | 2    | DR      | It is justified at item A.4.2 of the PDD  | OK             | OK             |
| A.4.2.3. Is it described that the project is eligible as small-scale category ?  |      | DR      | It is justified at item A.4.2 of the PDD  | OK             | OK             |
| A.4.2.4. Is it described that the project will remain under the limits for small-scale project activities types every year over the credit period? |      | DR<br>I | There is no evidence if the project activity will remain under the limits for small-scale project activities types every year over the credit period  | CR 2           |                |
| A.4.2.5. Is it described how the project is environmentally safety the Host Party?   |      | DR<br>I | There is no evidence that the project is environmentally safe as recommended by Guidelines for Completing the Simplified Project Design Document (CDM-SSC-PDD) and the Form for Submissions on Methodologies for Small-Scale CDM Project Activities (F-CDM-SSC-SUBM)      | CR 3           |                |
| A.4.2.6. Is it described how the sound technology will be transferred to the Host Party?   |      | DR<br>I | There is no evidence that the project will transfer sound technology to the Host Party recommended by Guidelines for Completing the Simplified Project Design Document (CDM-SSC-PDD) and the Form for Submissions on Methodologies for Small-Scale CDM Project Activities | CR 4           |                |



## VALIDATION REPORT

| CHECKLIST QUESTION  | Ref. | MoV* | COMMENTS  | Draft<br>Concl | Final<br>Concl |
|---|------|------|---|----------------|----------------|
|   |      |      | (F-CDM-SSC-SUBM)  |                |                |
| A.4.2.7. Is it described how know how is transferred to the Host Party?   |      | DR   | It is described at item A.4.2.of the PDD that all equipments used in the project were developed and manufactures in Brazil  | OK             | OK             |
| A.4.3. Brief explanation of how the anthropogenic emissions of anthropogenic greenhouse gas (GHGs) by sources are to be reduced by the proposed small-scale project activity, including why the emissions reduction would not occur in the absence of the proposed small-scale project activity, taking into account national and/or sectorial policies and circumstances |      |      |   |                |                |
| A.4.3.1. Is It stated how anthropogenic GHG emission reductions are to be achieved?   |      | DR   | There will be reduction in the emission of greenhouse gases throughout the project because of the displacement of generation of electricity from fossil-fuel thermal plants that would have otherwise delivered to the interconnected grid. | OK             | OK             |
| A.4.3.2. Is it indicated the chosen crediting period of the project?  |      | DR   | The crediting period is presented at Table 3 of PDD.<br><br>The presented period is from July 2006 to June 2013.  | OK             | OK             |
| A.4.3.3. Is it provided the total estimation of emission reduction in tCO <sub>2</sub> e ?  |      | DR   | The estimation of emission reduction is presented at Table 3 of PDD.  | OK             | OK             |
| A.4.3.4. Is it provided the estimated annual reduction for the  |      | DR   | The estimated annual reduction is   | OK             | OK             |

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| CHECKLIST QUESTION   | Ref. | MoV <sup>*</sup> | COMMENTS   | Draft<br>Concl | Final<br>Concl |
|--|------|------------------|--|----------------|----------------|
| chosen credit period in tCO <sub>2</sub> e?  |      |                  | presented at Table 3 of PDD.   |                |                |
| A.4.3.5. Are the data from questions A.4.3.2 to A.4.3.4 above presented in tabular format?                                 |      | DR               | Yes  | OK             | OK             |
| <b>A.4.4. Public funding of the small-scale project activity</b>   |      |                  |  |                |                |
| A.4.4.1. Does the project activity use any public funding from Parties included in Annex I to the Convention?              |      | DR               | The project will not receive any public funding .  | OK             | OK             |
| <b>A.4.5. Confirmation that the small-scale project activity is not a debundled component of a larger project activity</b> |      |                  |  |                |                |
| A.4.5.1. Is the project activity not a debundled component of larger project activity?                                     | 3    | DR               | The project is not a part of larger project activity   | OK             | OK             |
| <b>B. Application of a baseline methodology</b>  |      |                  |  |                |                |
| <b>B.1. Title and reference of the approved baseline methodology applied to the small-scale project activity</b>           |      |                  |  |                |                |
| B.1.1. Is it presented the project activity category in accordance to Appendix B?  | 2    | DR               | It is not indicated the project activity category  | CAR 2          |                |
| <b>B.2. Project category applicable to the small-scale project activity</b>  |      |                  |  |                |                |
| B.2.1. Is it justified the choice of the applicable baseline for the project category?                                     | 2    | DR<br>I          | The capacity of the proposed project activity is 12.1 MW and will not exceed the limit of 15 MW, established at Appendix B.<br><br>The Operation Permit is not available | CR 5           |                |
| B.2.2. Are the basic assumptions of the baseline methodology in the context of the project activity                        |      | DR               | The baseline scenario is the continuation of the current situation of electricity supplied   | OK             | OK             |

\* MoV = Means of Verification, DR= Document Review, I= Interview

## VALIDATION REPORT

| CHECKLIST QUESTION   | Ref. | MoV* | COMMENTS   | Draft<br>Concl | Final<br>Concl |
|--|------|------|--|----------------|----------------|
| presented?<br>B.2.3. Are presented the key information and data used to determine the baseline scenario in table form?   |      | DR   | by large hydro and thermal power stations.<br>It is declared that the baseline scenario is the continuation of the current situation of electricity supplied by large hydro and thermal power stations.<br>The information is not presented in table form. | CAR 3          |                |
| <b>B.3 Description of how the anthropogenic emissions of GHG by sources are reduced below those that would have occurred in the absence of the registered small-scale CDM project activity</b> |      |      |  |                |                |
| B.3.1. Does the proposed project activity qualify to use simplified methodologies?   | 2    | DR   | It is not specified if the project activity qualifies to use simplified methodologies  | CR 6           |                |
| B.3.2. Is the proposed project activity additional?  | 2    | DR   | Please present the attractive rate of project activity and the justification for it.   | CR 7           |                |
| B.3.3. Are national policies and circumstances relevant to the baseline of the proposed project activity summarized?   | 2    | DR   | There is no evidence of a summary of national policies and circumstances relevant to the baseline of the proposed project activity   | CAR 4          |                |
| <b>B.4. Description of how the definition of the project boundary related to the baseline methodology selected is applied to the small-scale project activity</b>                              |      |      |  |                |                |
| B.4.1. Are the project's spatial (geographical) boundaries clearly defined?  | 2    | DR   | The physical, geographical site where the project activity is implemented is not clearly presented.  | CR 8           |                |

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| CHECKLIST QUESTION  | Ref. | MoV*    | COMMENTS   | Draft<br>Concl | Final<br>Concl |
|---|------|---------|--|----------------|----------------|
| <b>B.5. Details of the baseline and its development</b>                             |      |         |  |                |                |
| B.5.1. Is the baseline for the proposed project activity specified?                 | 2    | DR      | It was chosen the option presented at item 7, a) of category I.D of Appendix B | OK             | OK             |
| B.5.2. Is the date of completing presented in DD/MM/YYYY?                           |      | DR      | 06/02/2006   | OK             | OK             |
| B.5.3. Is the contact information provided?   |      | DR      | Mr Ricardo Esparta   | OK             | OK             |
| B.5.4. Is the person/entity also a project participant listed in Annex 1 of PDD?    |      | DR      | The person listed in Annex 1 is not the same presented in this item            | CR 9           |                |
| <b>C. Duration of the Project Activity and Crediting Period</b>                     |      |         |  |                |                |
| <b>C.1. Duration of the small-scale project activity</b>                            |      |         |  |                |                |
| <b>C.1. 1. Starting date of the small-scale project activity</b>                    |      |         |  |                |                |
| C.1.1.1. Is the project's starting date clearly defined?                            |      | DR<br>I | 01/03/2004   | OK             | OK             |
| <b>C.1.2. Expected operational lifetime of the small-scale project activity</b>     |      |         |  |                |                |
| C.1.2.1. Is the project's operational lifetime clearly defined in years and months? |      | DR      | 30y-00m  | OK             | OK             |
| <b>C.2. Choice of the crediting period and related information</b>                  |      |         |  |                |                |
| <b>C.2.1 Renewable crediting period</b>   |      |         |  |                |                |
| C.2.1.1 Is the starting data of the first crediting period specified in DD/MM/YYYY? |      | DR      | Starting date of the first crediting period = 01/07/2006                       | OK             | OK             |
| C.2.1.2 Is the length of the first crediting period specified in                    |      | DR      | 7 years and 0 month  | OK             | OK             |

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| CHECKLIST QUESTION  | Ref. | MoV <sup>*</sup> | COMMENTS  | Draft<br>Concl | Final<br>Concl |
|---|------|------------------|---|----------------|----------------|
| years and months?   |      |                  |   |                |                |
| <b>C.2.2 Fixed crediting period</b>   |      |                  |   |                |                |
| C.2.2.1 Is it specified the fixed crediting period?   |      | DR               | It is not presented the fixed crediting period  | CAR 5          |                |
| C.2.2.2 Is it specified the starting date in the format DD/MM/YYYY?   |      | DR               | It not presented the starting date  | CAR 6          |                |
| C.2.2.3 Is it presented the length of the crediting period in years and months?   |      | DR               | It not presented the length of the crediting period   | CAR 7          |                |
| <b>D. Application of a Monitoring Methodology and Plan</b>  |      |                  |   |                |                |
| <b>D.1. Name and reference of approved monitoring methodology applied to the small-scale project activity</b>           |      |                  |   |                |                |
| D.1.1. Is the monitoring methodology defined?   | 2    | DR               | Monitoring will consist of metering the electricity generated by the renewable technology.  | OK             | OK             |
| <b>D.2. Justification of the choice of the methodology and why it is applicable to the small-scale project activity</b> |      |                  |   |                |                |
| D.2.1. Is the monitoring methodology applicable for this project and is the appropriateness justified?                  | 2    | DR               | The methodology proposed by UNFCCC for electricity capacity additions from small-scale run-of-river hydro power plant was chosen because of its suitability for the project | OK             | OK             |
| <b>D.3. Data to be monitored</b>  |      |                  |   |                |                |
| D.3.1. Is the electricity generation by the small-scale project activity considered as a data to be monitored?          | 4    | DR               | Data of electricity generation are presented  | OK             | OK             |

\* MoV = Means of Verification, DR= Document Review, I= Interview

## VALIDATION REPORT

| CHECKLIST QUESTION   |   | Ref. | MoV* | COMMENTS   | Draft<br>Concl | Final<br>Concl |
|--|---|------|------|--|----------------|----------------|
| <b>D.4. Qualitative explanation of how quality control (QC) and quality assurance (QA) procedures are undertaken</b> |   |      |      |  |                |                |
| D.4.1  | Are there quality control and quality assurance procedures to be used in the monitoring of the measured data established? |      | DR   | In item D.3 are presented all the data to be monitored (electricity generation) and calculated (CO <sub>2</sub> emission factor). In Item D.4 are presented the uncertainty level of each of this data and QA/QC procedures planned for them. It is stated that CO <sub>2</sub> emission factor does not need to be monitored. | CR 10          | OK             |

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| CHECKLIST QUESTION   | Ref. | MoV*    | COMMENTS   | Draft<br>Concl    | Final<br>Concl |
|--|------|---------|--|-------------------|----------------|
| <b>D.5. Please describe briefly the operational and management structure that the project participants (s) will implement in order to monitor emission reduction and any leakage effects generated by the project activity</b> |      |         |  |                   |                |
| D.5.1. Is it described briefly the operational and management structure that the project participants (s) will implement in order to monitor emission reduction and any leakage effects generated by the project activity      |      | I       | It is considered not applicable  | CR 11             |                |
| <b>D.6 Name of person/entity determining the monitoring methodology</b>  |      |         |  |                   |                |
| D.6.1. Is the contact information provided?  |      | DR      | Mr Ricardo Esparta   | OK                | OK             |
| D.6.2. Is the person/entity also a project participant listed in Annex 1 of PDD?   |      | DR      | The person listed in Annex 1 is not the same presented in this item  | CR 9              |                |
| <b>E. Estimation of GHG Emission by Source</b>   |      |         |  |                   |                |
| <b>E.1. Formulae Used</b>  |      |         |  |                   |                |
| E.1.1. Selected formulae as provided in appendix B   |      |         |  |                   |                |
| E.1.1.1. Are the formulae used to calculate GHG emissions reduction by source provided?  | 2    | DR<br>I | It is mentioned that the emissions reductions are calculated according to a formula presented in item B.5.1 of the PDD. On the other hand there is no item B.5.1, therefore the formula is not presented. Please explain.<br><br>It is also mentioned that the present project | CR 12<br><br>CR13 |                |

\* MoV = Means of Verification, DR= Document Review, I= Interview

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| CHECKLIST QUESTION   | Ref. | MoV*    | COMMENTS   | Draft<br>Concl     | Final<br>Concl |
|--|------|---------|--|--------------------|----------------|
| E.1.1.2. Is there a description of calculation of GHG reductions in accordance with the formula specified in for the applicable project category contained in Appendix B of the simplified modalities and procedures for small-scale CDM project activity? | 2    | DR<br>I | activity GHG emissions are zero<br>See comments to question E.1.1  | CR12<br><br>CR 13  |                |
| <b>E.1.2. Description of formulae when not provided in appendix B</b>  |      |         |  |                    |                |
| E.1.2.1. Are described the formulae used to estimate anthropogenic emissions by source of GHGs due the project activity?   |      | DR      | Not applicable<br>The formulae is provided in appendix B   | OK                 | OK             |
| E.1.2.2. Are described the formulae used to estimate leakage due to the project activity where required, for the applicable project category in appendix B?  |      | DR      | Not applicable<br>The formulae is provided in appendix B   | OK                 | OK             |
| E.1.2.3. Does the sum of E.1.2.1 and E.1.2.2 represent the small-scale project activity emissions?   |      | DR      | Not applicable<br>The formulae is provided in appendix B   | OK                 | OK             |
| E.1.2.4. Are described the formulae used to estimate the anthropogenic emissions by source of GHGs in the baseline using the baseline methodology for the applicable project category in Appendix B?   |      | DR      | The formulae used to calculate the emission factor are presented. All of them were taken from the approved methodology ACM0002,2006<br><br>It is not presented justification for the figures used operation margin factor and buid margin factor | CR 14<br><br>CR 15 |                |
| E.1.2.5. Does the difference between E.1.2.4 and E.1.2.3 represent the emission reductions due to the project activity during a given period?  |      | DR      | The formula is presented.  | OK                 | OK             |



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| CHECKLIST QUESTION   | Ref. | MoV*    | COMMENTS   | Draft<br>Concl | Final<br>Concl |
|--|------|---------|--|----------------|----------------|
| <b>E.2. Table providing values obtained when applying formulae used to estimate anthropogenic emissions by source of GHG</b>                                   |      |         |  |                |                |
| E.2.1. Is there a table providing values of total CO <sub>2</sub> abated?  |      | DR      | Table with estimated emissions reductions is presented.  | OK             | OK             |
| <b>F. Environmental Impacts</b>  |      |         |  |                |                |
| F.1. Has an analysis of the environmental impacts of the project activity been sufficiently described?   |      | DR      | The environmental impacts of this project are not clearly described. On the other hand it is presented a detailed description of the licensing process of the plant including the preliminary permit issued during the planning phase, the construction permit and the operating permit. | CR 16          |                |
| <b>G. Stakeholder Comments</b>   |      |         |  |                |                |
| <b>G.1. Brief description of how comments by local stakeholders have been invited and compiled</b>   |      |         |  |                |                |
| G.1.1. Have relevant stakeholders been consulted?  |      | DR<br>I | Invitations for comments by local stakeholders have not been sent. It is mentioned in the PDD that such invitations will be sent.<br><br>The availability of the PDD at the validation stage in the UNFCCC website is a task of DOE.   | CAR 8          |                |
| G.1.2. If a stakeholder consultation process is required by regulations/laws in the host country, has the stakeholder consultation process been carried out in |      | DR<br>I | See comments to question G.1.1   | CAR 8          | -              |

\* MoV = Means of Verification, DR= Document Review, I= Interview

## VALIDATION REPORT

| CHECKLIST QUESTION   | Ref. | MoV <sup>*</sup> | COMMENTS   | Draft<br>Concl | Final<br>Concl |
|--|------|------------------|--|----------------|----------------|
| accordance with such regulations/laws?   |      |                  |  |                |                |
| G.1.3. Is it described the process by which comments by local stakeholders have been invited and compiled? |      | DR<br>           | See comments to question G.1.1   | CAR 8          |                |
| <b>G.2. Summary of the comments received</b>   |      |                  |  |                |                |
| G.2.1. Are the stakeholders that have made comments identified?  |      | DR<br>           | The stakeholders that have made comments are not identified, as required by local authority of the host country. | CAR 9          |                |
| G.2.2. Is a summary of the stakeholder comments received provided?   |      | DR<br>           | The summary presented refers to the licensing process.   | CAR 10         |                |
| <b>G.3. Report on how due account was taken of any comment received</b>                                    |      |                  |  |                |                |
| G.3.1. Has due account been taken of any stakeholder comments received?                                    |      | DR<br>           | The report presented refers to the licensing process.  | CAR 11         |                |

\* MoV = Means of Verification, DR= Document Review, I= Interview

## VALIDATION REPORT

**Table 3 Approved Consolidated Baseline and Monitoring Methodologies for selected small-scale CDM project activity categories AMS ID**

| CHECKLIST QUESTION  | Ref. | MoV* | COMMENTS   | Draft<br>Concl | Final<br>Concl |
|---|------|------|--|----------------|----------------|
| <b>1. Technology/measure</b>  |      |      |  |                |                |
| 1.1. Does the project comprise renewable energy generation units, such as photovoltaics, hydro, tidal/wave, wind, geothermal, and renewable biomass, that supply electricity to and/or displace electricity from an electricity distribution system that is or would have been supplied by at least one fossil fuel fired generating unit.? | 4    | DR   | Yes  | OK             | OK             |
| <b>2. Boundary</b>  |      |      |  |                |                |
| 2.1. Does the project boundary encompass the physical, geographical site of the renewable generation source?  | 4    | DR   | Yes  | OK             | OK             |
| <b>3. Baseline</b>  |      |      |  |                |                |
| 3.1. Did the project participants identify the most plausible baseline scenario among all realistic and credible alternatives(s)?   | 4    | DR   | Please, clearly specify the alternative to calculate the baseline. | CR 16          |                |
| 3.2. Was electricity production calculated considering the formula presented at item 10,  | 4    | DR   | Please inform how the electricity production was calculated        | CR 17          |                |
| <b>4. Monitoring</b>  |      |      |  |                |                |
| 4.1. Does the monitoring consist of metering the electricity generated ?  | 4    | DR   | It is presented at Table D.3 of the PDD                            | OK             | OK             |

\* MoV = Means of Verification, DR= Document Review, I= Interview

VALIDATION REPORT

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## VALIDATION REPORT

**Table 4 Legal requirements**

| CHECKLIST QUESTION  | Ref. | MoV*    | COMMENTS  | Draft<br>Concl | Final<br>Concl |
|---|------|---------|---|----------------|----------------|
| <b>1. Legal requirements</b>  |      |         |   |                |                |
| 1.1. Is the project activity environmentally licensed by the competent authority?   |      | I       | Operation License LO nº 731/2005, from AGMA issued on October 21, 2005, mentioned on the text but not presented at the figure 10.   | CR 5           |                |
| 1.2. Are there conditions of the environmental permit? In case of yes, are they already being met?  |      | I       | Verify if LO 731/2005 has conditions and if they are being met.   | CR 5           |                |
| 1.3. Is the project in line with relevant legislation and plans in the host country? Is the water-impounding permit applied to competent authority? |      | DR<br>I | There are no evidences that a water-impounding permit was obtained for the project activity.  | CR 18          |                |
| 1.4. Are the conditions of the Resolução Interministerial 01/2003 being met?  |      | DR<br>I | See comments to question G.1.1<br>The final decision from the DNA will be available only after its first meeting after the receiving of the all documents necessary for evaluation, including this validation report, according to Article 6 <sup>th</sup> of Resolução Interministerial 01/03. | CAR 8          |                |

## VALIDATION REPORT

**Table 5 Resolution of Corrective Action and Clarification Requests**

| Draft report clarifications and corrective action requests by validation team  | Ref. to checklist question in table 2 | Summary of project owner response   | Validation team conclusion   |
|--|---------------------------------------|---|--|
| <b>CAR.1</b> There is no evidence of the view of the project participants on the contribution of the project activity to sustainable development | A.2.2                                 | As stated in section A.2.2., better income distribution will be achieved in the region where the Santa Edwiges II Project is located, obtained mainly from less expenditures and more income in the local municipalities. The surplus of capital that these municipalities will have could be translated into investments in education and health, which will directly benefit the local population and indirectly impact a more equitable income distribution. | This information was not included in the PDD version 01, but was included in version 02.<br><br>The information given is considered sufficient, and the corrective action request is closed. |
| <b>CAR.2</b> There is no evidence of the definition of the project category  | B.1.1                                 | As stated in section B.2, the project is Category I.D –Renewable electricity generation for a grid.   | The required information was supplied in the version 02 of PDD, therefore the corrective action request is closed  |
| <b>CAR.3</b> There is no evidence of the key information and data used to determine the baseline scenario in table form                          | B.2.3                                 | The baseline scenario in table form is presented in section B.2.  | The baseline scenario is presented in table form in the version 02 of PDD. The corrective action request is closed.  |
| <b>CAR.4</b> There is no evidence of a summary of national policies and circumstances relevant to the baseline of the proposed project           | B.3.3                                 | The information required is presented in sections B.3, B.4 and B.5  | The summary of policies and circumstances relevant to the baseline of the proposed project   |

## VALIDATION REPORT

| Draft report clarifications and corrective action requests by validation team  | Ref. to checklist question in table 2   | Summary of project owner response   | Validation team conclusion   |
|--|---|---|--|
| activity   |   |   | activity is included in the version 02 of PDD. The corrective action request is closed.  |
| <b>CAR.5</b> There is no evidence of the fixed crediting period  | C.2.2.1                                 | The choice was for renewable crediting period.  | As the fixed credit period is presented in version 02 of the PDD, the corrective action request is closed  |
| <b>CAR.6</b> There is no evidence of the starting date of the fixed crediting period   | C.2.2.2                                 | The choice was for renewable crediting period.  | As the fixed credit period is presented in version 02 of the PDD, the corrective action request is closed  |
| <b>CAR.7</b> There is no evidence of the length of the crediting period in years and months.   | C.2.2                                   | The choice was for renewable crediting period.  | As the fixed credit period is presented in version 02 of the PDD, the corrective action request is closed  |
| <b>CAR.8</b> There is no evidence that Invitations for comments by local stakeholders have been sent   | G.1.1/G.1.2/<br>G.1.3/table 4, item 1.4 | Stakeholders that were consulted are listed in section G.1. The letters and the receiving conformation were sent by e-mail. | All the invitations for comments by local stakeholders related to the project activity were sent to BVQI by email, therefore the corrective action request is closed |
| <b>CAR.9</b> There is no evidence that stakeholders have made comments about the project activity, as required by local authority of the host country. | G.2.1                                   | No comments have been made so far by the stakeholders.  | The information about stakeholders comments is included in version 02 of the PDD, therefore the corrective action request is closed                                  |

## VALIDATION REPORT

| Draft report clarifications and corrective action requests by validation team  | Ref. to checklist question in table 2 | Summary of project owner response  | Validation team conclusion  |
|--|---------------------------------------|--|---|
| <b>CAR.10</b> There is no evidence of the summary of the stakeholder comments received about the project activity”.  | G.2.2                                 | No comments have been made so far by the stakeholders.   | This corrective action is closed because the version 02 of the PDD is stated that no comments were received from stakeholders |
| <b>CAR.11</b> There is no evidence that comments received from stakeholders were taken into consideration  | G.3.1                                 | All comments in the public audience where favorable to the project once it is going to increase people’s income and job offers. No comments have been received so far about the invitation letters sent to the stakeholders. | This corrective action is closed because the version 02 of the PDD is stated that no comments were received from stakeholders |
| <b>CR.1</b> There is a discrepancy between the number of the figure illustrating the project location and the text where such figure is mentioned (item A.4.1.4 of PDD)  | A.4.1.4                               | The number in the text was corrected.  | The version 02 of the PDD the correction was done. The clarification request is closed.                                       |
| <b>CR.2</b> There is no evidence if the project activity will remain under the limits for small-scale project activities types every year over the credit period   | A.4.2.4                               | Rialma have no plans of increasing the SHP’s installed power beyond 15 MW. Any modifications within this limit will be communicated by Rialma.   | Based in the comment the clarification request is closed  |
| <b>CR.3</b> There is no evidence that the project is environmentally safe as recommended by Guidelines for Completing the Simplified Project Design Document (CDM-SSC-PDD) and the Form for Submissions on Methodologies for Small-Scale CDM Project Activities (F-CDM-SSC-SUBM) | A.4.2.5                               | Since the project activity received the operation permit, we can assume that it is environmentally safe, according to Goiás State Environmental Agency.  | As the operation permit does not have any environmental conditions this clarification request is closed                       |



## VALIDATION REPORT

| Draft report clarifications and corrective action requests by validation team  | Ref. to checklist question in table 2 | Summary of project owner response   | Validation team conclusion   |
|--|---------------------------------------|---|--|
| <b>CR.4</b> There is no evidence that the project will transfer sound technology to the Host Party recommended by Guidelines for Completing the Simplified Project Design Document (CDM-SSC-PDD) and the Form for Submissions on Methodologies for Small-Scale CDM Project Activities (F-CDM-SSC-SUBM) | A.4.2.6                               | The Francis turbine is produced in Brazil with a Swedish technology that improves its efficiency.   | Based in the comment the clarification request is closed   |
| <b>CR.5</b> The operation permit was not supplied.   | B.2.1/F.1/ Table 4; 1.1 and 1.2       | The operation permit (“ <i>Licença de Funcionamento</i> ”) is presented in section F.1, figures 10a and 10b.  | Version 02 of the PDD presents a copy of the operation permit. The clarification request is closed.                              |
| <b>CR.6</b> There is no evidence justifying that project activity qualifies to use simplified methodology  | B.3.1                                 | The project will have an installed capacity of 12.1 MW, hence this is a small-scale CDM project. and the Simplified M&P for Small-Scale CDM Project Activity, Category I. D. is applicable. | Based in the comment the clarification request is closed   |
| <b>CR.7</b> Please present the attractive rate of project activity and the justification for it.   | B.3.2                                 | IRRs spreadsheets will be sent by e-mail.   | With information received by email and the justification presented in version 02 of the PDD the clarification request is closed. |

## VALIDATION REPORT

| Draft report clarifications and corrective action requests by validation team   | Ref. to checklist question in table 2 | Summary of project owner response   | Validation team conclusion                                 |
|---|---------------------------------------|---|--|
| <b>CR.8</b> Please present clearly the physical, geographical site where the project activity is implemented  | B.4.1                                 | The geographical site where the project activity is implemented is presented in section A.4.1.4.                                    | Based in the comment the clarification request is closed   |
| <b>CR.9</b> It was observed that the person listed in Annex 1 is not the same presented in table of item B.5. Please explain.   | B.5.4/D.6.2                           | Ricardo Esparta calculated the baseline and is the technical responsible for the project. Carlos Martins is the commercial contact. | Based in the comment the clarification request is closed   |
| <b>CR.10</b> It is stated that CO <sub>2</sub> emission factor does not need to be monitored. Please explain  | D.4                                   | The emission factor is calculated, not measured. That's why it does not need to be monitored.                                       | Based in the comment the clarification request is closed   |
| <b>CR.11</b> Please explain why the operational and management structure that the project participants will implement in order to monitor emission reduction and any leakage effects generated by the project activity is considered not applicable   | D.5.1                                 | Because there are no project emissions nor leakage effects to be monitored.   | Based in the comment the clarification request is closed   |
| <b>CR.12</b> It is mentioned that the emissions reductions are calculated according to a formula presented in item B.5.1 of the PDD. On the other hand there is no item B.5.1, therefore the formula is not presented. Please explain.<br><br>It is also mentioned that the present project activity GHG emissions are zero | E.1.1.1/<br>E.1.1.2                   | The formula is presented in item B.5.   | Based in the comment the clarifications request are closed |
| <b>CR.13</b> It is mentioned that the present project activity GHG emissions are zero.  | E.1.1.1/                              | Based on the hydropower technology, the project emissions are zero.   | Based in the comment the clarification request is closed   |

## VALIDATION REPORT

| Draft report clarifications and corrective action requests by validation team   | Ref. to checklist question in table 2 | Summary of project owner response  | Validation team conclusion  |
|---|---------------------------------------|--|---|
| Please explain.   | E.1.1.2                               | project emissions are zero.  |   |
| <b>CR.14</b> The updated version of the approved baseline methodology is ACM0002,2006. PDD refers to a previous version. Please explain                               | E.1.2.4                               | We refer now to ACM0002, 2006, as stated in section E.1.2.4.   | Version 02 of the PDD refers to the updated version of the baseline methodology. ACM002,2006. The clarification request is closed |
| <b>CR.15</b> Please present the references to determine the values of operating margin factor and build margin factor used to calculate the baseline emission factor. | E.1.2.4                               | ONS Emission Factor spreadsheets will be sent by e-mail.   | Based in the comment the clarification request is closed  |
| <b>CR.16</b> Please, clearly specify the alternative to calculate the baseline.   | Table 3; 3.1                          | The alternative to calculate the baseline (a) is clearly specified in item B.5.  | Version 02 of the PDD presents the requested information. The clarification request is closed.                                    |
| <b>CR.17</b> Please inform if to calculate the production electricity was considered the procedure required by version 8 of the approved methodology (AMS ID)         | Table 3; 3.2                          | The procedure to calculate the production electricity was considered required by version 8 of the approved methodology (AMS ID). Since the project activity is not adding renewable energy capacity, nor a retrofit of an existing facility, EGy (electricity production) = TEy (actual electricity produced in the plant) | Based in the comment the clarification request is closed  |
| <b>CR.18</b> There are no evidences that a water-impounding permit was obtained for the project activity.   | Table 4; 1.4                          | A copy of the water-impounding permit will be sent by e-mail.  | A copy of the water-impounding permit was received by the validation team. The clarification                                      |

## VALIDATION REPORT

| <b>Draft report clarifications and corrective action requests by validation team</b> | <b>Ref. to checklist question in table 2</b> | <b>Summary of project owner response</b> | <b>Validation team conclusion</b> |
|--|--|--|-----------------------------------|
|  |  |  | request is closed                 |

## REFERENCES

- 1 – Guidelines for completing CDM-SSC-PDD and F-CDM-SSC- submission – version 01 – March,2006
- 2 - Appendix B of the simplified modalities and procedures for small-scale CDM project activities – Version 05 – 25/02/2005;
- 3 - Appendix C of the Simplified Modalities and Procedures for Small-Scale CDM project activities
- 4 - Indicative simplified baseline and monitoring methodologies for selected small-scale CDM project activity categories AMS I.D/ Version 8 – 03/03/2006
- 5 - Tool for the demonstration and assessment of additionality – Version 02
- 6 - Kyoto Protocol to the United Nations Framework Convention on Climate Change, Dec, 1997

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